

February 7, 2019

Honorable Stan Saylor  
Majority Appropriations Chairman  
Pennsylvania House of Representatives  
245 Main Capitol Building  
Harrisburg, PA 17120

Honorable Matthew Bradford  
Minority Appropriations Chairman  
Pennsylvania House of Representatives  
512E Main Capitol Building  
Harrisburg, PA 17120

Dear Chairmen,

During DCED's House Appropriations Committee Budget Hearing, Committee members presented questions concerning two of the Department's programs. Listed below you will find our response to each question.

1. Representative Ortity requested a list of buyers of the tax credit programs administered by DCED.

While DCED administers the program, the Department of Revenue is responsible for oversight of the final use of the tax credit. According to the Department of Revenue, the use of tax credits is considered confidential taxpayer information, so it cannot be disclosed without specific authorization by the General Assembly or the taxpayer. Only one credit, the Research and Development Tax Credit (R&D) does provide such an authorization.

Title 72 P.S. Taxation and Fiscal Affairs § 8711-B § 8711-B. Report to General Assembly

The secretary shall submit an annual report to the General Assembly indicating the effectiveness of the credit provided by this article no later than March 15 following the year in which the credits were approved. The report shall include the names of all taxpayers utilizing the credit as of the date of the report and the amount of credits approved and utilized by each taxpayer. Notwithstanding any law providing for the confidentiality of tax records, the information contained in the report shall be public information. The report may also include any recommendations for changes in the calculation or administration of the credit.

The R&D reports can be found at the following link:

<https://www.revenue.pa.gov/GeneralTaxInformation/News%20and%20Statistics/ReportsStats/ResearchDevCredit/Pages/default.aspx>

2. Representative Heffley asked about the application approval process for the Coal Refuse Energy and Reclamation Tax Credit.

Applications for the sale of Coal Refuse Tax Credits were previously gathered in house and distributed to the Department of Revenue (DOR) as a group of sales rather than submitting each individual sales application. This resulted in 6-10 applications being sent at one time; however, after a recent review of the process it was determined this delayed some applications longer than anticipated. Moving forward, DCED will begin sending individual sales to DOR as they arrive. All pending sales are now finalized with applicants being notified of their completed transaction.

The only Coal Refuse applications currently under review are FY 18/19 which arrived in early February and will be approved this spring. These are the applications for tax credits not the sale of tax credits.